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ABSTRACT

The intent of Title IV-C of the Elementary and Secondary Education Act (the Education Amendments of 1974) is to establish innovative and exemplary projects that provide creative or imaginative solutions to problems in the areas of supplementary centers and services, health and nutritional demonstrations, and dropout prevention. The purposes of this manual are to interpret the federal regulations and to provide project staff with guidelines for administering the projects. The manual addresses the understanding of how effective change takes place that is part of the act; general program information; grant application development and review procedures; participation of private, nonprofit schools; project management; and fiscal management, accounting, and auditing procedures. (Author/IRT)

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ESEA TITLE IV-C INNOVATION

ADMINISTRATION MANUAL FOR SOUTH CAROLINA

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FOREWORD

The intent of Title IV-C Innovation of the Education Amendments of 1974 (Public Law 93-380) is to establish innovative and exemplary projects which attack critical educational needs with creative or imaginative solutions. If the projects prove successful, they should be easily adopted or adapted by other school districts in South Carolina with similar needs. Each project proposal is reviewed and evaluated on its own merits, and projects which receive the highest ratings are funded within financial constraints.

The purpose for this administration manual is two-fold:

1. To interpret the Act and regulations as a basis for common understanding,

2. To provide the project staff with guidelines for administering Title IV-C Innovation projects.

Technical assistance in the development and implementation of these Title IV-C Innovation projects is available from the State Department of Education. The children in South Carolina deserve our best efforts. We have a joint responsibility to work together in providing the greatest possible educational opportunities.

Cyril B. Busbee
State Superintendent of Education

I

AGENT FOR CHANGE

Public Law 93-380, the Education Amendments of 1974, signed into law in 1974, created Title IV, Part C-Innovation of the Elementary and Secondary Education Act. Part C-Innovation consolidated three categorical programs into one authorization. The programs consolidated under Part C-Innovation were:

ESEA Title III: Supplementary Educational Centers and Services

ESEA Title VIII, Section 807: Health and Nutrition Demonstration

ESEA Title VIII, Section 808: Dropout Prevention

The purposes and kinds of activities supported under these previous programs are included in the new Title IV, Part C-Innovation program.

Scope and Purpose of the Program

ESEA Title IV-C Innovation is designed to improve educational programs and services. The thrust of the program aims at stimulating change through planning, development, and demonstration. Thus, the emphasis is on developing solutions to persistent educational problems and sharing successful solutions with others in the educational community through demonstration and diffusion.

How Effective Change Takes Place

If change is to take place in an orderly, effective manner, it must involve administrators, teachers, parents, students, and the community working cooperatively to develop effective alternatives to present practices.

The idea of change frequently causes apprehension—sometimes opposition. Effective change will require development of mechanisms for dealing with these concerns so that all affected can discover how new solutions can result in improved methods for achieving their goals. Projects which do not take into account the need to involve the people affected are less likely to succeed.

There is much more to innovative or exemplary programs than trying out an idea in a special "one-shot" project. Innovativeness requires a systematic process if it is to be successful. It begins with problem identification, continues through identification or invention of solutions to meet the problem, and includes installation and evaluation of the new practice.

A primary objective of South Carolina's Title IV-C program is to foster this process among local educational agencies. *The ESEA Title IV Manual for Preparing Grant Applications* details a systematic approach to effecting educational change. The approach is as follows:

Step 1: Problem Identification

Each day the educator is faced with a multitude of situations which make the task of educating young people more difficult. These situations, or conditions, can aptly be called **problems.** Simply stated, problems are discrepancies between **what is** (i.e., current conditions), and **what ought to be** (i.e., desired conditions). In Step 1, the proposer:

1. Identifies a problem area which is confronting him;

2. Cites evidence which substantiates that the identified problem area is indeed a problem area;

3. Delimits the problem area to the point where he specifies a particular, clearly defined problem to be attacked;

4. Identifies the probable causes for the problem to be attacked and examines them to determine why they actually exist; and

5. Determines which problem causes he can, and should, attack in the project and analyzes the factors which lead to their existence.

Step 2: Formulating Objectives

In this step, the proposer states in precise terms the expected results of the total development effort which is being proposed to alleviate the problem. There are two types of objectives to be stated. The first type, the project objective, expresses the overall thrust of the development effort. The second type, the student objectives, relate to the student achievement anticipated as a result of the project effort. These objectives relate directly to the needs as stated in the needs assessment section for those schools and population groups toward which the project is directed.

Step 3: Designing Solution

Once the problem and its causes have been identified, the proposer turns to the development of a solution. A prerequisite to the actual development of a solution is a thorough and exhaustive research of the literature that must be made in the problem area. Only after completion of a critical examination of research findings is the proposer ready to develop a solution to attack the problem and its causes as stated in Step 1.

A solution is composed of two main parts: (1) strategies to attack the problem causes, and (2) components to implement the strategies. The proposer identifies and describes the strategies to be employed and the components (instructional materials and/or services) that must be developed to implement the strategies. By means of a problem-solution diagram, the proposer graphically matches the components to the strategies, and then matches both of these to the problem causes. As the final step in the solution planning process, the proposer describes the general procedures to be used in the development of each solution component.

The following questions should be answered by the proposer while preparing the five parts which comprise the solution step:

1. How have others addressed the problem or a similar problem in the past? How successful were their solutions? What methods and instructional materials are now available which may be used, in whole or part, to solve the problem?

2. What solution strategies should be used to eliminate, block, or by-pass the identified problem causes? What facts and assumptions are the selected strategies based upon?

3. What solution strategy components will be developed to implement the solution strategies?

4. How do the solution strategy components relate to the strategies, and the strategies to the problem causes?

5. What general methods will be used to develop the proposed solution strategy components?

Step 4: Product Design and Development

The intent of Part C-Innovation is to facilitate the development and evaluation of new and/or innovative solutions to persistent educational problems. Once developed, those solutions that have been certified as successful, efficient, and portable are diffused to other schools and districts which have similar needs. Therefore, it is essential that project personnel have, from the origination of project activities, a knowledge of what products are to be developed, a description of what the products will be, what they will contain, and how the contents are to be developed and tested.

It is also essential that project personnel keep in mind that the products being produced must be exportable in nature. Therefore, a blueprint for how the product will actually be assembled, printed, bound, etc. (i.e., produced), must be presented in detail. Finally, a portable kit to contain all project products must be designed.

Step 5: Evaluation Plan

During the developmental process, formative evaluation procedures provide timely, accurate and relevant information for making improvements in the solution and for estimating its potential effectiveness. Once the developmental process has been completed and the solution has been implemented in a field test situation, summative evaluation procedures are used to determine the effectiveness of the solution to cause desired and expected changes in learner participants.

Step 6: Management Plan

A Title IV-C Innovation project may exist for more than six years and can expend large amounts of funds; therefore, sound management is required. The proposer is required to develop and operationalize a management system which is designed to insure that appropriate human, financial, and material resources are committed to the accomplishment of the project objective and that staff assignments are appropriately made and are carried out expeditiously and on schedule.

In preparing project management plans, the proposer should keep the following principles in mind:

1. **Continuity.** Project management provides for continuity in philosophy and methodology throughout the life-span of a project. Since a project may experience many personnel changes in the course of six years, well-laid plans and an accurate project log can minimize the disruptive effects, especially those caused by a change in project managers.

2. **Coordination.** A project engages in many varied activities, often simultaneously, throughout its existence. These diverse and concurrent activities require careful coordination which depends, in part, on two important factors: a well-constructed work plan, and sound monitoring and control procedures.

Project management systems includes a workplan overview, a project work schedule, and project control procedures.

Step 7: Resource Identification

Resources are the ingredients required to implement a project's work effort. In Step 7, the proposer must describe the resources to be used in the project's work effort.

Resources used in a project may come from a variety of sources: from within the school system, from the community, from local and state agencies, and from ESEA, Title IV-C Innovation. ESEA Title IV-C Innovation funding is intended to provide special resources, which are otherwise unavailable, to support educational development and demonstration activities in a school district. Therefore, such special funds must be used to supplement local resources rather than to supplant them.

Three basic steps must be performed to identify the necessary resources for the project plan. In these steps, the proposer must:

1. Determine the type and amount of human and other resources required to implement the work schedule.

2. Identify the sources from which these resources can be acquired. This step requires that the best source and method be used to acquire necessary resources. In education, projects tend to be more successful when jointly supported with local and federal resources. Therefore, when district and community resources are available, they should be used.

3. Request resources that are needed but unavailable from district funds in a project budget for ESEA Title IV-C Innovation support.

II

GENERAL INFORMATION

Virtually any project designed to facilitate the role of Part C-Innovation in the innovational process is possible, provided that it:

1. focuses on previously identified critical needs, and

2. supplements rather than supplants local, area, or state financial and program efforts.

The Applicant

A Title IV-C Innovation grant application may be submitted only by a local school district; however, a program may include activities in more than one school district.

Cultural and Educational Resources

One of the unique features of Title IV-C Innovation is the requirement that persons broadly representative of the cultural and educational resources of the area participate in all appropriate aspects of planning and conducting the project activities.

Teachers and Other School Personnel

Since the primary educational resource is the local educational agency, teachers and other school personnel whose professional activities would be affected by a particular project should be directly involved in all stages of its development. Because innovation must be accepted from "within," the teachers and other school personnel should participate in all stages of the change process.

Other Cultural and Educational Resources

Other cultural and educational resources may include the State Department of Education, institutions of higher education, private, non-profit schools, educational laboratories, research and development centers, libraries, museums, musical and artistic organizations, educational radio and television stations, private foundations, community youth organizations, technical institutes, private industries, professional associations, religious and ethnic organizations, and community action agencies.

Local educational agencies are encouraged to utilize research personnel and other specialists in the State Department of Education, institutions of higher education, regional laboratories, research and development centers, and industries. In addition, project applicants should enlist the support of community groups, including representatives of low-income groups, and other organizations which would be directly interested in a particular type of project and could, therefore, contribute substantially to its planning, development and acceptance.

While the local educational agency must retain final authority for fiscal, administrative and program decisions, it is possible for such agency to subcontract for certain activities, if approved in the application.

Length of Project Period

A grant application may receive tentative approval for a one-year, two-year, or three and one-half-year period, depending on the nature of the program and/or the availability of anticipated federal funds. Regardless of the initial funding period, all projects will be subject to continuing review and possible changes in the project period. **The maximum period for which a project will be funded will not exceed three and one-half years (42 months).**

There are, however, two exceptions to this policy:

1. A project which has been validated by the State Department of Education and/or the U. S. Office of Education and for which there is an adequate consumer demand, may be funded as a Demonstration/Diffusion Center, provided it has been found economically feasible for this purpose. As such, the project may be eligible for limited continuation funding on an annual basis for an additional three years.

2. In cases where it is determined that a time extension is required to assure adequate completion of the project, and when an extension is requested in writing at least sixty (60) days prior to the end of the project period, the project may be extended for a period not to exceed ninety (90) days utilizing unexpended project funds.

Delivery Systems

The Department of Education encourages local educational agencies to submit grant applications under Title IV-C Innovation which attack prevalent educational problems. All proposals will be developed utilizing one of the three delivery systems described below.

System Number 1

Delivery System for Developer/Demonstration

A proposal approved under this delivery system may receive funding in two phases. Phase 1 funds will be used for product design, product development, product testing and product packaging. Under Phase 2, limited funds may be used for program demonstration/diffusion.

Phase 1: Development

One-half Year of Design

Major emphasis on program design and development of procedures for solving the identified educational problems, and planning for the procurement of human and material resources for the development effort.

First Year of Development

Beginning implementation of the plan with major emphasis on product development, small-scale testing, and revision of product components.

Second Year of Development

Continuing in-depth implementation of the plan with major emphasis on product development, large-scale testing, and revision of product components.

Last Year of Development

Implementation completed with major emphasis on evidence of effectiveness of products and processes. There is beginning exploration of approaches to demonstration/diffusion.

Validation (Accomplishment Certification)

At the end of three and one-half years, an independent team of educational validators visits the project to verify that it is:

1. Successful;
2. Feasible in terms of cost;
3. Portable (easily and feasibly transported to the consumer site);
4. Capable of being demonstrated.

Once a project is validated, it moves into Phase 2: Demonstration/Diffusion. At that point, the local educational agency (LEA) supports solution intervention with the students, while ESEA Title IV-C Innovation supports the demonstration/diffusion center.

Phase 2: Demonstration/Diffusion

First Year of Demonstration/Diffusion

Blueprint or detailed plan developed for sharing the educational practice. Beginning implementation of plan with major emphasis on making others aware of and demonstrating the solution.

Second Year of Demonstration/Diffusion

Continuing, in-depth implementation of plan with major emphasis on training and technical support to adopters of solution package. Analysis and revision of diffusion tactics. Beginning recording of data indicative of the impact at adopter sites.

Last Year of Demonstration/Diffusion

Implementation completed. Technical support provided with emphasis on adopter self-sufficiency. Determination of impact on the learner at the adopter site. Operational phase-out of demonstration/diffusion project. Continued diffusion encouraged at secondary demonstration sites.

System Number 2

Delivery System for Program Modification and Demonstration

A proposal approved under this delivery system may receive funding in two phases. Phase 1 funds will be used for planning product modification of a fully developed product, and for product testing and product packaging. Under Phase 2, limited funds may be used for demonstration/diffusion.

Phase 1: Development

One-half Year of Design

Major emphasis on developing procedures for product modification, product testing, product packaging, and planning for the procurement of human and material resources for the modification effort.

First Year of Modification

In-depth implementation of the modification plan with major emphasis on product modification, large-scale testing, and the revision of product components.

Second Year of Modification

Implementation completed with major emphasis on evidence of effectiveness of products and process. There is beginning exploration of approaches to demonstration/diffusion.

Validation (Accomplishment Certification)

At the end of two and one-half years, an independent team of educational validators visits the project to verify that it is:

1. Successful;
2. Feasible in terms of cost;
3. Portable (easily and feasibly transported to the consumer site);
4. Capable of being demonstrated.

Once a project is validated, it moves into Phase 2: Demonstration/Diffusion. At that point, the local educational agency (LEA) supports solution intervention with the students, while ESEA Title IV-C Innovation supports the demonstration/diffusion center.

Phase 2: Demonstration/Diffusion

First Year of Demonstration/Diffusion

Blueprint or detailed plan developed for sharing the educational practice. Beginning implementation of plan with major emphasis on making others aware of the demonstrating of the solution.

Second Year of Demonstration/Diffusion

Continuing, in-depth implementation of plan with major emphasis on training and technical support to adopters of solution package. Analysis and revision of diffusion tactics. Beginning recording of data indicative of the impact at adopter sites.

Last Year of Demonstration/Diffusion

Implementation completed. Technical support provided emphasis on adopter self-sufficiency. Determination of impact on the learner at the adopter site. Operational phase-out of demonstration/diffusion project. Continued diffusion encouraged at secondary demonstration sites.

System Number 3

Delivery System for Field Testing Validated Programs

A proposal under this delivery system may receive Title IV-C Innovation funding for up to two years. Funds will be used for program installation and field testing of state-validated programs which have been selected for inclusion under this delivery system.

Phasing Out Federal Support

Proposals must indicate methods of phasing out federal support through gradual cost absorption by other funds. Since the intent of Title IV-C Innovation is to stimulate and assist in the support of innovative and exemplary programs, the phasing-out process is essential in order to conserve resources for other promising Title IV-C Innovation programs.

Local continuation of projects after the termination of federal funding appears to center around two factors:

1. The extent to which the methods and materials in a practice have been integrated into regular district activities and have been transferred from grant support to district support during the project's development effort; and

2. The extent to which a base of support for continuation has been created among decision makers and other groups during the project's development effort.

Therefore, a project must plan for and work toward these ends to increase the likelihood of its practice being continued locally.

III

GRANT APPLICATION DEVELOPMENT AND REVIEW

The Grants Section staff of the State Department of Education will carry out procedures designed to assist LEAs in the preparation of Title IV-C Innovation grant applications. Grant applications are judged on a competitive basis and must address themselves to the most critical state educational needs.

Professional staff members of the Grants Section have the responsibility for coordinating Part-C Innovation procedures within the State Department of Education and with local school districts. These staff members shall carry out such functions as:

1. General administrative responsibilities
2. Project processing
3. Funding procedures
4. Supervision of the statewide Title IV-C Innovation programs
5. On-site visitations
6. General reporting
7. State evaluation program
8. State dissemination program
9. Assisting local personnel in applying models for needs assessment, project design and evaluation.

Project Submission Date

The annual date for the submission of Title IV-C Innovation grant applications and continuation application shall be set by the State Superintendent of Education. Local educational agencies shall be notified of the submission date well in advance. To be eligible for consideration, a project application must be received in the Grants Section, Office of Federal Programs, or be postmarked on or before the submission date.

Review of Grant Applications

Initial Grant Application. Upon receipt of an initial grant application, the Chief Supervisor of the Grants Section will assign the application to a Panel of Experts from outside the State Department of Education. Each application will be reviewed by not fewer than two members of the Panel of Experts. From the reviews of the individual panel members, a summary ranking will be prepared by the Grants Section staff. Curriculum specialists from the Office of General Education will review each application and give written comments as to the appropriateness of its content and any recommendations as to how the program can be strengthened.

The Grants Section staff will review each grant application to insure that it complies with all federal laws and regulations and state department policies.

The Office of Programs for the Handicapped is involved in the review process to the extent that appropriate consultants participate in the review process and make program recommendations intended to strengthen the grant application.

During the review process, the LEA staff may be invited to meet with the SDE staff to review the content of those grant applications which need further clarification.

From all of the above, the Grants Section will present a composite recommendation to the Director, Office of Federal Programs, for further review. A recommendation on projects to be funded, with the level of funding, will be submitted to the Deputy Superintendent of Instruction, and with such comments and recommendations as the Deputy Superintendent of Instruction shall make, will be subsequently reviewed by the Title IV Advisory Council. Upon review and evaluation by the Advisory Council, a recommendation shall be made to the State Superintendent of Education, who, in turn, will make the final decision.

After the State Superintendent makes his decision, school districts will be notified as to the final disposition of each grant application submitted. Final negotiation will be conducted, and funds will be released subsequent to successful negotiation and compliance with alterations of the applications.

The process of initial grant application review is indicated in detail in the "Flow Chart, Initial Grant Application Review" on the following page.

Continuation Funding. A project receiving tentative approval for more than one funding period may, after the first funding period, be approved for subsequent funding periods on an annual basis, provided it can demonstrate that established levels of expected accomplishments have been met. The levels of expected accomplishments shall be detailed in the grant application.

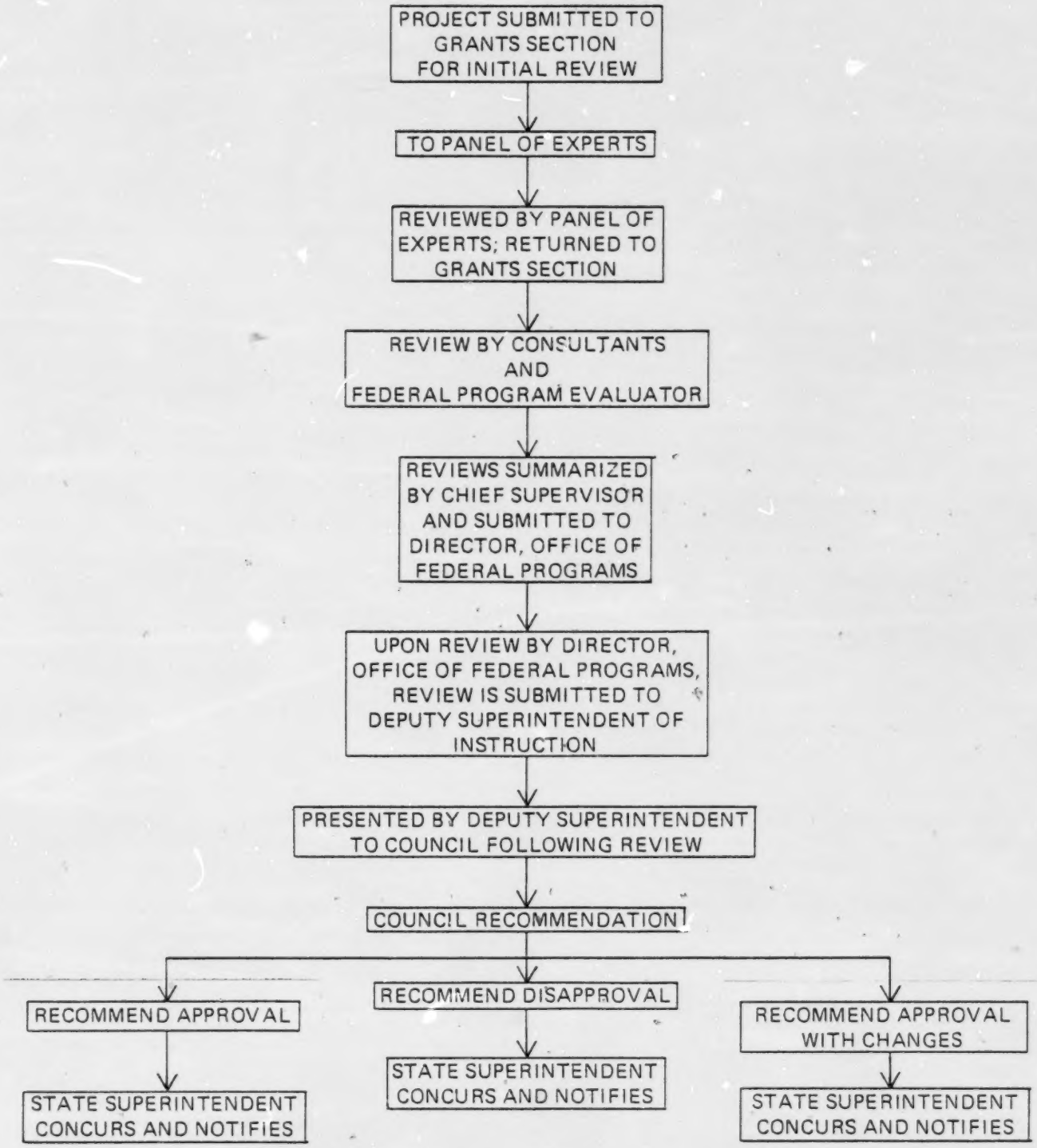
In preparing a grant application for developmental funds under ESEA Title IV, Part C Innovation, the developer initially submits Sections 1.0 through 4.0 and 8.0 of the *Manual for Preparing Grant Applications* for the competitive review and approval process. If the project is approved for funding, the applicant prepares and submits Sections 7.2.1 and 7.3.3 of the manual, prior to receiving a design grant.

For a first-year developmental grant, the LEA submits a continuation application which includes Sections 5.0 through 8.0 of the manual. This application, if approved, results in a first-year developmental grant.

This additional information is obtained for use in the application review process, and must be submitted on the single application form on or before the specified closing date for project applications as established by the State Superintendent of Education.

For subsequent developmental grants, the LEA submits a continuation application only if there are changes in the grant application. These changes must be submitted on the single application form on or before the specified closing date for grant applications as established by the State Department of Education.

FLOW CHART, INITIAL GRANT APPLICATION REVIEW


PROJECT SUBMITTED TO GRANTS SECTION FOR INITIAL REVIEW
TO PANEL OF EXPERTS
REVIEWED BY PANEL OF EXPERTS; RETURNED TO GRANTS SECTION
REVIEW BY CONSULTANTS AND FEDERAL PROGRAM EVALUATOR
REVIEWS SUMMARIZED BY CHIEF SUPERVISOR AND SUBMITTED TO DIRECTOR, OFFICE OF FEDERAL PROGRAMS
UPON REVIEW BY DIRECTOR, OFFICE OF FEDERAL PROGRAMS, REVIEW IS SUBMITTED TO DEPUTY SUPERINTENDENT OF INSTRUCTION
PRESENTED BY DEPUTY SUPERINTENDENT TO COUNCIL FOLLOWING REVIEW
COUNCIL RECOMMENDATION
RECOMMEND APPROVAL
RECOMMEND DISAPPROVAL
RECOMMEND APPROVAL WITH CHANGES
STATE SUPERINTENDENT CONCURS AND NOTIFIES
STATE SUPERINTENDENT CONCURS AND NOTIFIES
STATE SUPERINTENDENT CONCURS AND NOTIFIES

A project may be approved for continuation funding provided:

1. **That federal funds are available.**

2. **That project activities have been conducted consistent with the approved project application and are not in violation of federal and state laws, rules and regulations.**

3. **That provisions of the approved project application have been successfully implemented.**

4. **That established levels of expected accomplishments have been successfully met.**

5. **That the contents of the continuation application are judged to be adequate and appropriate.**

Upon receipt of the application for continuation funding, the Grants Section staff reviews the application to insure that it is complete and includes the appropriate elements as outlined in the *Manual for Preparing Grant Applications.*

The application is then distributed to appropriate personnel involved in the review process. For first continuation applications, the Chief Supervisor, Grants Section, convenes a panel of experts to review and evaluate the application. The panel makes recommendations on (1) continued funding of the project, and (2) changes for program improvement.

During the review process for the continuation application, the LEA project staff may be invited to meet with the State Department of Education staff to review the content of those applications which may need further clarification.

In preparation for its recommendations, the Grants Section staff reviews monitoring reports, on-site evaluation reports, SDE staff recommendations, panel of experts recommendations (for first-year continuation only), management reports, and evaluation reports.

The Grants Section staff presents recommendations to the Director, Office of Federal Programs, for review and approval. For first continuation applications, the Director makes recommendations to the Deputy Superintendent, Division of Instruction, who makes the final decision.

Continuation grant applications are not required as a condition for continuation funding for previously approved projects unless programmatic and/or budgetary changes are proposed. If such changes are proposed, the LEA will submit appropriate sections of this application to the Department of Education, and the criteria and procedures outlined above will be applied.

Continuation applications are not required as a condition for continuation funding for replication projects.

Criteria for Approving Initial Grant Applications

The major criteria which will be applied in reviewing initial grant applications from local educational agencies are:

1. Adequacy of the strategy for the development of an educational product worthy of exportation to other school districts which will subsequently expedite the diffusion of improved educational programs;

2. Provisions for the development of concepts, practices, and techniques which can be adapted or adopted elsewhere;

3. Promising concepts, practices, or techniques recognized as unique, original, unusual, innovative or exemplary;

4. Concepts, practices, or techniques which are economically feasible and effective;

5. Measurable performance objectives and appropriate activities which facilitate achieving them;

6. An awareness of information concerning similar programs, relevant research findings, and views of recognized experts;

7. Provision for staff with professional qualifications adequate to achieve the project's stated objectives;

8. Provision for budgeted expenditures for adequate and appropriate facilities, equipment, and materials which show a direct relationship in facilitating achievement of stated objectives;

9. Provision for the dissemination of information about the proposed project which is appropriate and adequate for the area to be served;

10. Evidence that the proposal is designed to demonstrate solutions to identified critical educational needs and will substantially increase the educational opportunities of children in the area of the state to be served;

11. Documentation that, in the development of the grant application, representatives of eligible private, non-profit schools have been consulted and offered the opportunity to participate.

The State Department of Education may expand the above criteria for any given submission.

Provisions for Termination of Project

The Department of Education will require each local school district to carry out all assurances given by it and to perform all obligations imposed upon it consistent with the approved project applications.

A project may be terminated (a) during a budget period, or (b) at the end of a budget period under the following conditions:

1. Upon determination that program activities are being conducted which are inconsistent with approved project application and/or in violation of federal laws and regulations.

2. Upon determination of failure to implement provisions of the approved project application.

3. Upon determination that established levels of expected accomplishment have not been met.

If it is determined that the above cited conditions, either 1, 2, or 3, exist, the Grants Section staff, Office of Federal Programs, will meet with the district superintendent to (1) negotiate needed changes or amendments which will eliminate the conditions, and/or (2) recommend termination of the project. A recommendation for project termination will be reviewed by the Director, Office of Federal Programs and the Deputy Superintendent, Division of Instruction, and subsequently reviewed by the Title IV Advisory Council. Upon review by the Advisory Council, a recommendation shall be made to the State Superintendent of Education, who, in turn, will make the final decision.

In the event a local school district wishes to appeal a decision to terminate, the local district will be given opportunity for appeal.

Upon the decision to terminate a project, a special audit must be conducted and any unexpended funds returned to the State Department of Education.

Provisions for Hearing

In the event a project is terminated prior to the projected ending date, or, in the event a project application is not approved, the local district will be given the opportunity for a hearing before the State Advisory Council, provided the applicant has filed written request with the State Superintendent within ten days of receipt of notification. Hearing will be held by the Advisory Council within fifteen days. The Council will make a recommendation to the State Superintendent of Education. The State Superintendent of Education will make further disposition of the appeal, and his decision will be forwarded to the local district within five days of the Council's recommendation. Further disapproval may be appealed to the State Board of Education. The decision of the Board will be final, subject to the provision for legal proceedings contained in the Act.

Provisions for Special Consideration

Special consideration will be given to those districts which are less able to compete due to small size or lack of local financial resources. A portion of the funds allocated for Title IV, Part C-Innovation each year may be set aside for these districts to develop grant applications under the provisions of Delivery System 3, described in Chapter 2, page 9.

The following model was designed to provide the Department of Education with an accessible tool to evaluate various options in the development of a composite rank of local school districts. The composite rank is consistent with the criteria established in the Title IV, Part C Innovation regulations and is used to select districts for special consideration. The composite is based on the following variables:

1. **School Population**: 35-day enrollment for the 180-day period for the second preceding school year.

2. **Administrative Staff**: Total full-time equivalent administrative and assistant superintendents, supervisors, directors, consultants and coordinators from the latest BEDS report.

3. **Tax Effort**: Ratio of the local revenue yield to the local revenue potential as determined by an index of tax-paying ability.

4. **Expenditures Per Pupil**: Total current operating expenditures for the second preceding school year divided by the school population.

IV

PARTICIPATION OF PRIVATE, NON-PROFIT SCHOOLS

Each local education agency receiving funds under Title IV-C Innovation will be required to provide for the effective participation, on an equitable basis, of children enrolled in private, non-profit schools located within the school district whose educational needs are of the type which the project is designed to meet. The number of such children served shall be consistent with the ratio of public school children served to the total number of public school children in the area with educational needs of the type the project is designed to meet.

It is the responsibility of the applying school district to inform any eligible non-profit schools located in the school district of the grant application's intent, anticipated procedures, and other aspects. If the private schools choose to participate, their involvement in the process will be so noted. If they choose not to participate, this should also be noted.

In either case, documents certifying that the private, non-profit schools had been contacted and the degree of involvement they desire will be included in appendices of the grant application. Certification of the private schools' compliance with the Civil Rights Act is required to assure eligibility.

Extent of Involvement

Whenever private school children are eligible, their representatives will be asked to express a desire to participate or their intent not to participate. Private school representatives will be involved in local needs assessment and in planning grant applications at the very beginning, so that the needs of private school children are considered in conjunction with the needs of public school children prior to the development of an application.

In all Title IV-C Innovation grant applications, the local educational agency shall describe how the agency will fulfill the requirements for the effective participation of non-public school children in Title IV-C Innovation projects and complaint procedures. This description must contain information indicating:

1. the number of private school children in the school district of the local educational agency;

2. the number of private school children to be served by the project and the basis on which such children were selected;

3. the manner in which and the extent to which appropriate private school officials were consulted;

4. the places at which and the times during which private school children will be served;

5. the differences, if any, in the kind and extent of services to be provided public and private school children and the reasons for such differences; and

6. the adjustments, if any, which the local educational agency has made regarding the per pupil cost of project participation, public versus private. Any adjustment shall be designed to insure the equitable participation of private school children.

Any project to be carried out in public facilities and involving joint participation by children enrolled in private schools and children enrolled in public schools shall include such provisions as are necessary to avoid the separation of participating school children by school enrollment of religious affiliation.

Provisions for serving private school children shall not include:

1. payment of salaries to teachers or other employees of private schools except for services performed outside regular hours of duty and under public supervision and control;

2. financing of the existing level of instruction in private school;

3. placement of equipment on private school premises other than portable or mobile equipment which is capable of being removed from the premises each day;

4. construction of facilities for private schools. Whenever practicable, educational services shall be provided to private school children on publicly-controlled premises. None of the funds made available under Title IV-C of the Act may be used for religious worship or instruction.

In-Service Training

Private school teachers may receive payments with Title IV-C Innovation funds for travel allowances, luncheon expenses, and similar costs when attending in-service training programs in an approved project. Title IV-C Innovation funds may be used to compensate private school teachers for services rendered in connection with the operation of a project only when the services are performed outside their regular hours of duty and are under public school supervision and control.

Control of Funds

In all situations where private, non-profit schools select to participate in Title IV-C Innovation activities, it should be noted that the control of funds shall be with the public educational agency.

V

PROJECT MANAGEMENT

Since an ESEA Title IV-C Innovation project may exist for more than six years and can expend large amounts of funds, sound management is required. This involves the use of management procedures and accompanying technical devices which can guide a project to the attainment of its goals and purposes. Therefore, the proposer is required to develop and operationalize a management system which is designed to insure that appropriate human, financial, and material resources are committed to the accomplishment of the project objective and that staff assignments are appropriately made and are carried out expeditiously and on schedule.

The Department of Education's monitoring of projects is effected primarily by on-site monitoring and by a structured reporting system. The system for monitoring Title IV-C Innovation projects consist of nine basic components. These components are as follows:

1. **Project Review by a Team of Experts.** All projects eligible for continuation funding will be reviewed on site by a team of experts.

2. **Staff Monitoring by the Grants Section Personnel.** A minimum of 25 percent of on-going projects will be monitored annually.

3. **Quarterly Management Reports.** These reports monitor the progress of major tasks and activities as specified in the project.

4. **Annual Salary Verifications.** These reports monitor the employment status of personnel employed with grant funds.

5. **Annual Budget Review of Expenditures.** This report monitors the financial status of projects.

6. **Annual Evaluation Reports.** This report contains data indicating the extent to which the project objectives have been achieved.

7. **Continuation Applications.** This report is required if major changes are required in the project activities or budget.

8. **End of Project Reports.** This report contains data essential to closing out a grant and for USOE reporting purposes.

9. **Project Validation.** This report contains data for determining state validation.

Procedures for Reviewing Title IV-C Innovation Projects by a Team of Experts

The ESEA Title IV Annual Program Plan mandates that 100 percent of the projects eligible for continuation funding shall be reviewed by a team of experts. The Chief Supervisor, Grants Section, is responsible for team selection and scheduling.

1. The project review by a team of experts shall be carried out under the supervision of a staff member of the Grants Section, Office of Federal Programs. This team shall consist of at least two professional persons with expertise in the project area and one person who has expertise in evaluation techni ies and procedures. Advisory Council members shall be asked to serve on the team.

2. A schedule for each review shall be established. The scheduled date will be mutually agreeable to the LEA and the Grants Section. The scheduled date shall be finalized by late July of the school year in which it is to occur.

3. The district superintendent shall be notified in writing of the purpose and scheduled date of the team review. The district superintendent will approve, in writing, the scheduled date.

4. Team review procedures and the reporting instrument shall be mailed to the project supervisor upon confirmation of the scheduled review date.

5. The Grants Section staff shall schedule group meetings with project directors to discuss: (a) the purpose of the review, (b) review procedures and the reporting instrument, and (c) other materials related to the team review. The meetings will be held not less than three weeks prior to the scheduled review dates.

6. The evaluation procedure, report instrument, project activities and other related materials shall be mailed to the team members prior to the review date. An orientation session shall be conducted for team members to insure common purposes and understanding of the evaluation instrument.

7. The team shall evaluate project activities (management–program–evaluation) in terms of the extent to which expected accomplishments, as specified in the approved project, have been met. The project shall be judged both qualitatively and quantitatively.

8. During the review, the team shall complete the reporting instrument. The team shall conduct an exit conference with the project director and other appropriate LEA personnel selected by the district superintendent.

9. Follow-up procedures:

   a. The appropriate Project Supervisor, Grants Section, shall be responsible for completing the final report of the reviewing team. The report shall include separate listings of strengths, weaknesses, and recommendations for improvement. Recommendations on evaluation shall be reviewed by the Evaluation Supervisor, Office of Federal Programs.

   b. When finalized, a copy of the report shall be forwarded to each member of the team.

   c. The final report is then forwarded to the Chief Supervisor, Grants Section, for review and approval.

   d. The approved report is mailed to the district superintendent with a copy to the project director.

   e. If no major discrepancies were found, the final report is filed with the project.

f. If major discrepancies were noted, an appropriate follow-up visit shall be scheduled to ascertain that the noted weaknesses have been corrected. The determination of who should make the follow-up visit shall be made by the Chief Supervisor, Grants Section. The Chief Supervisor shall schedule an appointment with the Office Director to review reports containing major discrepancies. The Director, in turn, will brief the Deputy Superintendent on these problems.

g. A report of the follow-up visit shall be filed in the same manner as established above.

Procedures for Staff Monitoring

Annually, the Chief Supervisor, Grants Section, will determine which projects the staff will monitor during the year. The following criteria will be utilized in determining which projects will receive staff monitoring visits:

1. All developmental projects receiving initial funding;

2. All projects receiving citations for major discrepancies in the preceding year; and

3. All other projects which have not been monitored in prior years.

A mutually agreeable date for the monitoring visit will be established with each local educational agency at least two weeks prior to the date of the visit.

During the monitoring visit, the Grants Section staff member conducting the monitoring visit will complete an "Instrument for Staff Monitoring of Title IV-C Innovation Projects." An exit conference will be conducted with the project director and other individuals selected by the district superintendent.

Upon completion of the project monitoring visit the procedures listed below are followed:

1. The staff member will finalize the monitoring report. The report shall include listings of strengths, weaknesses, and recommendations.

2. The final report is then forwarded to the Chief Supervisor, Grants Section, for review and approval.

3. The approved report is mailed to the district superintendent with a copy to the project director.

4. If no major discrepancies were found, a final report is filed with the project.

5. If major discrepancies were noted, an appropriate follow-up visit will be scheduled. Depending upon the nature of the discrepancy, a staff member from the Office of Federal Programs, an appropriate consultant from the SEA Curriculum Development Section, or an expert from another agency may be scheduled for the follow-up visit. The Chief Supervisor, Grants Section, will determine who makes the follow-up visit.

6. The Director, Office of Federal Programs, shall be notified in all cases of major discrepancies. The Director, in turn, will brief the Deputy Superintendent on these problems.

7. A follow-up visitation report shall be prepared and processed in the same manner as the above described monitoring report.

Quarterly Management Reports

The Department of Education's monitoring of the management system is effected primarily by on-site monitoring and by the use of four management reports. A quarterly reporting system is used to verify the progress being made to complete each major task. These reports monitor the progress of the major tasks and activities as specified in the project. **The reports are submitted to the Department of Education in October, January, April and June of each fiscal year.**

To insure maximum effectiveness of the management reports, the Grants Section staff shall conduct at least one conference for project directors to discuss (a) the purpose and format of the management report, (b) review procedures, and (c) other matters related to project management and reporting.

The procedures for reviewing management reports are as follows:

1. The quarterly management report is prepared by the Grants Section and mailed to the project director at the beginning of each reporting period. At the end of the reporting period, the project director reports the status of each listed activity. A written explanation is required for an activity which is not on schedule.

2. The quarterly report is received, logged and routed to the appropriate supervisor for review.

3. If the report is complete and all activities on schedule, it is forwarded to the Chief Supervisor for review, approval and filing.

4. If the report is incomplete, the supervisor notifies the project director, in writing, specifying the areas requiring further clarification. This process continues until the report is complete. At that time, Step 2 is followed.

5. If activities are not on schedule, and if written explanations are unacceptable, the supervisor confers with the evaluation supervisor (if evaluation is affected) and others as needed to prepare recommendations for the Chief Supervisor. The report and recommendations are submitted to the Chief Supervisor who determines which of the following courses of action will be initiated:

   a. no immediate action required;

   b. staff monitoring to determine (1) causes and degree of the problem, and (2) if a satisfactory solution to the problem exists;

   c. technical assistance provided by staff, evaluation supervisor, curriculum supervisor or outside experts;

   d. review by a team of experts; or

   e. initiate action to terminate project.

6. The Chief Supervisor shall notify the district superintendent, in writing, of the existing problem(s) and the action to be taken by the State Department of Education.

7. The Chief Supervisor shall schedule an appointment with the Office Director to review reports containing major discrepancies. The Director, in turn, will brief the Deputy Superintendent on these problems and action being taken to eliminate them.

Salary Verification Report

A "Salary Verification Report" is to be completed annually by each project where salaries are an approved budget item. This report, to be completed on a form provided by the Grants Section, is due on October 1 of each year.

The results of this report are compiled and furnished to the State Aid Section of the State Department of Education to insure that no person paid with Title IV-C Innovation funds is also collecting state aid. This listing will also be cross-referenced with those persons employed with Title I funds.

ALL SALARIES PAID WITH TITLE IV-C INNOVATION FUNDS MUST BE IN ACCORDANCE WITH DISTRICT SALARY SCHEDULES.

Annual Budget Review of Expenditures

All Part C Innovation projects are required to complete a "Budget Review of Expenditures" four months prior to the end of each budget period. The review form will be provided by the Grants Section in advance of the due date.

Any anticipated excess funds should be reported on the budget review form. Upon notice to the district superintendent, the amount of the grant will be reduced to an amount consistent with project needs.

Annual Evaluation Report

An evaluation report presenting data collected and analyzed in accordance with the formative and summative evaluation designs must be submitted thirty days prior to the end of each budget period. The evaluation report must be submitted to the Grants Section by the project director.

Continuation Application

For a first-year developmental grant, the LEA submits a continuation application which includes Sections 5.0 through 8.0 of the manual. This application, if approved, results in a first-year developmental grant.

For subsequent developmental grants, the LEA submits a continuation application only if there are changes in the application. These changes must be submitted to the Grants Section in sufficient time for processing prior to the termination of the budget period.

End of Project Report

All Title IV-C Innovation projects are required to submit an "End of Project Report" to the Grants Section upon termination of federal funding. The report form will be mailed to terminating projects well in advance of the project termination date.

As a separate report (accompanying the "End of Project Report"), an "Equipment Use Report" must be submitted. The "Equipment Use Report," required by federal regulations,

makes provisions for listing all equipment purchased with Title IV-C Innovation funds. The report also certifies that the equipment will continue to be utilized for the purpose for which it was purchased, as required by federal regulations.

Application for Validation

All projects must submit a completed "Application for Validation" during their last developmental year. The information contained in the application will be utilized by the State Department of Education in an effort to gain both state and national validation of the project for dissemination purposes.

Upon receipt by the Grants Section, the Validation Application will be reviewed by appropriate Department of Education personnel to determine if the application meets criteria specified on the "State Review and Rating Form." Those projects meeting the criteria for state review will then be presented to the Director of the Office of Federal Programs for his review and referral to the Deputy Superintendent of Instruction. The Deputy Superintendent will, in turn, present the project recommendations to the State Superintendent for his review and approval.

Upon approval by the Superintendent, the Grants Section staff, in consultation with the project staff, will schedule an out-of-state review team to visit the project for validation.

The report of the out-of-state team will be reviewed following the same procedures as those for the validation application. The State Superintendent will certify that the project meets the established validation criteria and recommend it for validation. Certified copies of the validation report will then be forwarded to the United States Office of Education for review by the Joint Dissemination and Review Panel. If approved by the panel, the project is certified and nationally validated.

Procedures for Amending Projects

Any program changes will require an amendment to the project with the necessary change sheets and budget changes submitted to the Chief Supervisor, Grants Section, Office of Federal Programs. Program changes constitute the modification of project objectives or the alteration of activities designed to achieve the stated objectives.

Major changes which alter the size, scope, objectives, or activities will be submitted to the Deputy Superintendent of Instruction for approval.

Approval must be obtained, by amendment, for the transfer of funds within a negotiated budget when the transfer would result in an increase or decrease by more than 5 percent of the total amount listed for any line item of the approved budget summary.

No funds may be transferred from or to salaries without a project amendment.

No change may be made in a project within sixty days of the termination of a budget period.

VI

Fiscal Management, Accounting, and Auditing Procedures

General Information

Title IV Innovation grant application must make provision for all fiscal considerations specified in Title IV of the Act, as amended, according to the South Carolina program plan.

Availability of Funds for Approved Projects

Federal appropriations made available for grants to local educational agencies are obligated at the time the grant is issued. Grants so obligated remain available for expenditure by local educational agencies during the period for which the grant is awarded.

Effective Date of Approved Project

The effective date of any approved project will be specified in the grant award document. Upon acceptance of the grant, the applicant is authorized to request funds consistent with the negotiated budget and the terms and conditions of the grant.

Obligation of Funds

Obligations will be considered to have been incurred by a recipient on the basis of commitments for the acquisition of goods or property and for the performance of work, except that funds for personal services, for services performed by public utilities, for travel, and for the rental of facilities shall be considered to have been obligated as of the time such services were rendered, such travel was performed, and such rented facilities used, respectively.

Department of Education Fiscal Control, Accounting and Audit Services

The State Department of Education has personnel available to local agencies for technical advice and assistance in the areas of fiscal control, accounting, and audits. These staff members may assist in the formulation of sound financial management practices which will enable agencies handling ESEA Title IV-C Innovation funds to account readily for funds and to minimize fiscal adjustments resulting from federal post-audits.

Accounting Procedures

The funding of a Part C-Innovation project is based on the grant period (scope of work) concept, and involves the following definitions.

Definitions

Project. A project is an identified program of activity which has been approved by the South Carolina Department of Education under Title IV of the Education Amendment of 1974, Public Law 93-380.

Project Period. The project period is the total period of time, not exceeding three and one-half years, for which a project may be supported. Thus, if a design activity is approved and supported for six months, subsequent support for approved developmental activity would be limited to two or three years.

Projects will be approved tentatively for periods of one year, two years, or up to three and one-half years. It shall be understood that all projects will be subject to continuing review and possible changes in the project period.

Budget Period. The budget period is the period of time (within the project period) which a specified budget covers. The budget period is generally twelve months, but may be more or less if appropriate to the project.

General Level of Federal Financial Participation. The general level is the projected total of federal funds required to support a project period. It serves as a guide for the grantee in requesting funds for budget periods subsequent to the initial period and for the State Department of Education in determining the amount of a continuation grant.

Grant. A grant is that portion of the general level of federal financial participation awarded to support a project for a specific budget period.

Continuation Grant. A continuation grant is the amount awarded for any budget period following the initial period.

Budgeting

The applicant will provide an estimate of financial requirements for the support of the project, by budget periods, for the entire project period. The total estimate will be the general level of financial participation. The amount of the initial grant will cover the negotiated cost of all activities projected for the first budget period. Continuation budget will be negotiated upon the notification by the Grants Section. A budget amendment should be accomplished as noted on page 23 (Project Management: Procedures for Amending Projects).

Subject to satisfactory progress toward the achievement of project goals, continuation grants will be negotiated prior to the expiration of each budget period to provide whatever additional funds are needed.

Funding Policy and Procedures

As soon as practicable after project approval by the State Department of Education, a request will be made by the Chief Supervisor, Grants Section, to negotiate a grant for the first budget period. The initial grant award document will make available the Title IV-C Innovation funds needed to support the project for the first budget period. **After the approval of the grant document, the Accounting Section will automatically advance 15 percent of the grant award to operate the project. It is not necessary to wait until this advancement of funds has been exhausted before requesting additional funds. If the 15 percent advancement is not adequate for start-up cost, the district may request, in writing to the Grants Section, additional working capital, stating the amount needed.**

The local educational agency will submit an Expenditure Report (Form No. SDE 42-033-01) in duplicate to the Chief Supervisor of the Grants Section along with one copy of each paid invoice or payroll showing function number and object of expenditures, date paid, check number--in order to receive additional funding.

Reimbursement can be made monthly or quarterly up to the maximum amount provided by the grant award document. Local educational agencies should allow a minimum of twenty days time for processing when requesting new funds. Any errors or problems within the Expenditure Report may cause a delay in funding. Be sure that the form is correct and complete.

Approximately ninety days before the end of each budget period, the grantee will be requested to submit appropriate data, demonstrating that established levels of expected accomplishment have been satisfactorily met, and other data as determined by the State Department of Education. This data must reach the State Department of Education sixty days before the budget period's termination date.

Scheduled activities not completed in one budget period which are rescheduled for the succeeding period must be included in the budget for that period to qualify for funds.

After negotiating with the grantee, the State Department of Education will issue a grant award document for the next budget period.

To qualify for federal payment the grantee shall liquidate obligations within ninety days after the end of the first budget period. A report of actual expenditures must be filed as soon as all obligations have been liquidated but not later than ninety days after the end of the first budget period. All funds not expended in the preceding grant period will be returned to the State Department of Education.

Following successful negotiation of program or fiscal changes, and subsequent alterations in the application, a grant award document shall be issued by the Chief Supervisor, Grants Section, to the LEA authorized fiscal agent, together with one copy of the Grant Terms and Conditions. Upon receipt of the grant award document, the LEA authorized fiscal agent shall sign and return one copy to the Chief Supervisor, Grants Section, within ten days.

Cooperative Funding

Cooperative funding is an important consideration. Other federal funds and funds from other public, private, state, and local sources should be utilized whenever possible.

Negotiation of Grant

Negotiation is the process by which a legal and mutually satisfactory grant arrangement is made between the applicant and the State Department of Education. This process transcends a mere final examination of estimated costs. Staff members of the Grants Section will reach an agreement with the applicant concerning project activities and financial support. The resulting grant instrument states the conditions under which the grant is made by the State Department of Education.

The grantee shall not obligate funds prior to the effective date of an approved grant. The effective date of an approved grant is the date specified in the grant document.

Provisions Against Mingling Federal Funds with State or Local Funds

In addition to the provisions to insure no commingling of state and federal funds, assurance is provided that federal and local funds will not be commingled through the provision that, at the local district level, Title IV-C Innovation funds will be carried as separate account numbers.

Grant Transactions

The grantee must assure proper disbursement of, and accounting for, Title IV-C Innovation funds through careful fiscal control and fund accounting procedures. It would be advisable to maintain a separate sub-fund for federal Title IV-C Innovation funds, to assure their separate identity as required by the regulations. Although a separate bank account is not required, a separate set of financial records must be maintained.

Eligible Expenditures

To be eligible for federal financial participation, an expenditure must:

1. **be consistent with those activities described and approved in the budget breakdown;**

2. **have been incurred during the period for which the expenditure was authorized by the notification of grant award;**

3. **conform to the terms and conditions of the grant;**

4. **be incurred for activities in addition to those that had been provided previously for public and non-profit private school students and teachers;**

5. **be clearly identifiable as additional expenditures incurred as a result of the Title IV-C Innovation program.**

A district must have an approved indirect cost rate before it will be able to recover any indirect costs.

Costs of maintaining and repairing equipment purchased under grants pursuant to Title IV of the Act are eligible for federal financial participation during the project period.

Expenses for site purchases and contingency allowances are not eligible for federal financial participation.

Travel Expenses. **No travel expenses in excess of fourteen cents ($ .14) a mile will be approved.** Approved out-of-state visits should be calculated using mileage vs. air fares, and the most economical method should be chosen (taking into consideration the time away from the job). No first-class air travel will be authorized unless tourist reservations are unobtainable.

Per Diem Allowance. **Reimbursement for subsistence shall be allowed for actual expenses incurred and paid, not to exceed $25.00 per day for in-state travel, $30.00 per day for out-of-state travel, and $35.00 per day for out-of-state travel in cities whose population exceeds 250,000.**

Overtime Work. **Extra pay for work after normal work hours is not an eligible expenditure under Title IV. For example, teachers may not be paid from Title IV-C Innovation funds to attend meetings after school hours.**

Stipends. Non-credit In-service Training. **Maximum stipends under Title IV-C Innovation is $15 per day or $75 per week for non-credit, in-service training expenses.** No dependency allowances will be authorized. **Stipends may not be paid for days in which the person is receiving another salary, regardless of whether or not the salary is being paid from**

federal funds. For example, a stipend cannot be paid to teachers for attending an in-service meeting on a school day, but can be paid for a meeting held on Saturday or during the summer months, provided that the activity is approved in the budget. No per diem or travel allowances are authorized when a stipend is paid.

Credit Courses. The maximum stipend for credit training programs may be authorized as follows:

1. the stipend shall not exceed tuition cost, fees, and books, plus room and board when living on campus,

2. the stipend shall not exceed tuition cost, fees, travel (fourteen cents ($ .14) per mile not to exceed cost of room and board), and books when living at home.

Consultant Fees. **Maximum approval consultant fees are $75 per day for consultants from the state, or $100 per day for out-of-state consultants. Documentation of consultant services and their effectiveness must be included in the grantee's records so that other LEAs and interested persons can review and obtain the benefits of such information.**

Since substantial consultant costs are being incurred by many Title IV-C Innovation projects, it is important in the interest of effective control and better evaluation of consultant services that reports of such consultations be required and that results of consultations be documented in the grantees' project records. It is recognized that the selection of consultants by grantees may vary by purposes as well as by the length of time a consultant is hired, and that these matters have a bearing on the extent to which the consultations can be documented. For example, one consultant may be hired for the evaluation of a Title IV-C Innovation project and receive fees for several days' work; whereas, another consultant may visit a project for one day only to discuss strategy and problems with staff members. In the first example, the grant records must include a formal written report from the consultant (evaluation). In the second example, the grantee must prepare a memorandum concerning matters discussed with the consultant and must file the memorandum for the record.

Acquisition of Equipment

Equipment needed for the project will be acquired either by rental or purchase—whichever represents the more economical use of federal funds for the project period. If equipment is rented, the applicant should consider securing a rental-purchase agreement to cover the possibility of eventual purchase.

To permit maximum use, equipment and materials should be ordered promptly after receipt of the award. They must not be ordered if the scheduled delivery date falls within sixty days of the project expiration date.

Bidding Procedures—Equipment and Materials

Bidding for the purchase of equipment and materials will be conducted according to applicable state and local rules. In the absence of such rules, procedures established for purchases amounting to more than $1,000 should require at least three quotations and award to the lowest bidder or to the bidder with the most suitable equipment and materials.

Subcontracting

An applicant may enter into a cooperative agreement or contract to provide services under a project if the services (as well as the cooperating institution, organization, or agency) are acceptable to the State Department of Education. Such a cooperative agreement or contract will be acceptable only if the Chief Supervisor, Grants Section is assured that the

applicant will retain the responsibility for supervision of the project. The proposed terms of the agreement may be submitted in the initial project proposal or as a grant application amendment.

Services which may be subcontracted are those which the applicant's continuing staff cannot provide and which are not deemed appropriate as a continuing staff function. Under no circumstances may the entire project be subcontracted. A contract between the grantee and another organization to perform a major portion of the project or to share in its operation will provide for:

1. Maintenance of separate accounts and records;
2. Adherence to Public Law 89-10, as amended, Title IV-C Innovation Regulations, grant terms and conditions, and instructions in this manual;
3. Submission of expenditure reports to local educational agency;
4. Availability of records to representatives of the U. S. Office of Education and the State Department of Education.

Supporting Documentation

Files of supporting documents, including purchase orders, work orders, contracts, itemized invoices, and correspondence relating to the use of grant funds, must be maintained separately or otherwise identified so that all costs under the project may be immediately related to the approved project and grant document during auditing.

Since only those costs for goods and services directly related to the project are allowed as direct cost, complete records and documentation are required to identify them clearly and to show how they were derived. For example, if the project employs persons also involved in some other position apart from the project, salaries must be pro-rated according to the amount of time each individual actually devotes to the project. A before-the-fact statement must estimate the time that such person will devote to the program, and an after-the-fact statement of the time he actually devoted to the program must be signed by the responsible official. These documents must be available at the time of audit to support salary claims.

Receipt of materials and equipment purchased must be documented. In many cases, receiving reports will be used. A notation on the invoice, signed by an appropriate official, should state that the goods were received in good condition and in the quantities indicated on the invoice.

Accountability for Equipment

This regulation of the U. S. Office of Education amplifies the contents of Section 118.22, Title 45, Code of Federal Regulations, which governs equipment use and disposition and will be used as a guide in the administration of all Title IV-C Innovation projects. Any school district operating a Title IV-C Innovation project is responsible for assuring full compliance with these requirements during and after the project period.

1. **Title to Equipment. Title to each item of equipment acquired under Title IV-C Innovation is vested in the local school district at the time of acquisition and must remain so vested, subject to a continuing federal interest throughout the expected useful life of the item unless earlier disposition of the item is made.**

When the administrative control of a Title IV-C Innovation project is transferred from one school district to another, title to all equipment shall be transferred to the recipient district.

2. **Control of Equipment.** Each item of Title IV-C Innovation equipment shall remain, throughout its expected useful life, under the administrative control of the school district responsible for implementing the Title IV-C Innovation project for which the equipment was acquired. However, administrative control of a given item of Title IV-C Innovation equipment may be transferred to another school district or may be assumed by the Department of Education whenever the Department finds such action is warranted for effective control and use of the equipment as set forth in this regulation.

   In every case, prior written approval of the Department of Education is prerequisite to such a transfer.

3. **Use of Equipment.** Throughout the period of active federal funding of a given Title IV-C Innovation project, each item of Title IV-C Innovation equipment acquired for use in that project must be used continually for purposes clearly within the approved scope of the project, unless earlier final disposition of the item is made (see Disposition).

   When the period of active federal funding of a Title IV-C Innovation project has ended, each item of Title IV-C Innovation equipment acquired for use in that project must continue to be used, for the remainder of its expected useful life, for purposes clearly within the approved scope of the project, unless earlier final disposition of the item is made.

   Utilization of equipment for any purpose other than those described above, even for an educational purpose, requires in every case the prior written approval of the U. S. Office of Education. Each request for such approval will be initiated by the local educational agency and will be forwarded to the State Department of Education, which will then transmit the request to the U. S. Office of Education with a recommendation of approval or disposition.

4. **Unauthorized Use of Equipment.** In the absence of prior written approval by the U. S. Office of Education, when an item of Title IV-C Innovation equipment is diverted to any use or purpose other than those described above, the fair market value of such item at that time must be treated as unexpended balance of federal Title IV-C funds and must be refunded promptly to the U. S. Office of Education.

   Such refund shall be made by the school district exercising administrative control over the item of equipment in question at the time such item was utilized for any unauthorized purpose.

5. **Disposition (Exchange).** An item of Title IV-C equipment may be exchanged for a similar or different type, provided that, throughout its expected useful life, the latter item is utilized in full accord with the specified use limitations set forth in this regulation. In every case, prior written approval of the Department of Education is required for such an exchange.

   (Sale or Other Disposition.) Whenever an item of equipment acquired under Title IV-C or in exchange for such an item is sold or otherwise disposed of during the period of its expected useful life, the proceeds of such sale or other disposition or,

if greater, the fair market value of the item at the time of sale or other disposition must be treated as an unexpended balance of federal Title IV-C funds and must be refunded promptly to the Department of Education. Such refund shall be made by the school district exercising administrative control over the item at the time of its disposition.

6. **Inventory.** Inventories shall be maintained on all items of equipment until the grantee is notified that the Department of Education's review and audit covering the disposition of such equipment has been completed. The grantee will be required to submit a copy of all Title IV-C Innovation inventories at the termination of each budget period and at other times as the Department of Education deems necessary.

Reduction in Grants

Four months prior to termination of each budget period, grantees will review their needs for Title IV-C Innovation funds and report any amount which will not be needed for the successful completion of the project.

Upon notice to the grantee, the amount of the grant will be reduced to an amount consistent with the grantee's needs.

Auditing

Audit of Project Activity Records

Each grantee shall make appropriate provisions for the auditing of project expenditure records. Such records, as well as the audit reports, shall be made available to state and federal auditors. Auditing may be done by appropriate auditors of the local educational agency. When a routine annual audit of the school district's financial records is not conducted, the grantee must arrange for an audit by a qualified accountant. Where normal audit procedures and schedules are in effect, the audit of Title IV-C Innovation projects should be conducted simultaneously with other audit programs. The following audit standards will apply:

1. The audit standards required will be those promulgated by the American Institute of Certified Public Accountants and standards set for the in the U. S. Office of Education Guide 35079. The auditor must include in writing with the scope of the audit that he performed the audit in accordance with OE Guide 35079.

2. Auditors will be furnished with amounts which have been forwarded to local districts in order that they may verify the amount recorded.

3. Audit exceptions will receive the immediate attention of the Director, Office of Federal Programs, in the Department of Education. If exceptions have a sound basis from the standpoint of the program which is being conducted, the audit exception will be immediately referred to the Office of Finance of the State Department of Education for necessary action.

4. The State Plan for Title IV-C, Innovation of Public Law 93-380, as well as any state and federal regulations promulgated for local school districts, will be made available to auditors. Local school districts will also furnish auditors with copies of project applications, complete with project amendments or extensions, upon which audits are being based.

In addition to the usual accounting records and documents, the local educational agency must make available to the auditor the following information, applicable to Title IV-C Innovation which is necessary to determine the eligibility of expenditures:

1. Elementary and Secondary Education Act of 1965 (Education Amendment of 1974, Public Law 93-380), as amended
2. Regulations
3. Manual for Project Applicants and Grantees
4. Approved Title IV-C Innovation ESEA Grant Application
5. Grant Award, Negotiated Budget, and Grant Terms and Conditions
6. Expenditure Reports of Federal Funds

The audit report must include separate financial schedules or statements identifying receipts and expenditures applicable to Title IV-C Innovation including most of the following items:

1. Background
   a. Grant award number, period, total amount authorized for expenditures, and location;
   b. Statement on any contract with other organizations to perform component of project work;
   c. Scope of audit; and
   d. References of state regulations, minutes of board of education or board of directors, or other directives pertinent to the audit findings.
2. Statement on grant funds, including receipts, disbursements, and balance on hand for the period under audit.
3. Auditor's statement of project expenditures, including appropriate comments on any deviations from negotiated budget and grantees' expenditure report to the State Department of Education.
4. Summary of audit findings (including audit exceptions and dispositions, as well as a statement on adequacy or inadequacy of system and procedures), including comments of project officials.
5. Name and title of project representatives, board of education or board of directors, and contractor representatives contracted by auditor.
6. Auditor's certification.

Copies of that section on the audit report pertinent to ESEA Title IV-C innovation projects must be transmitted to the State Department of Education, in accordance with established state practice for the submission of audit reports, where they will be available for review by federal auditors.

Audit programs and workpapers shall be available for review by representatives of the U. S. Office of Education, who may wish to determine the method and extent of tests, examinations, and other techniques used in conducting the audit. Copies of local audit reports must be available at the project site.

Special Audit Considerations

For audits of local school districts, it is essential that specific procedures be developed to verify that:

1. Funds received and disbursed by the local agency were properly accounted for;

2. Payments reported by the local agency were actually made to the vendors, contractors, and employees, and that they conform to applicable laws and regulations, including procedures requirements;

3. Refunds, discounts, etc., were properly credited to the specific programs as reductions of the gross expenditures;

4. Payments are supported by adequate evidence of the delivery of goods or performance of services;

5. Obligations included in the report of expenditures were actually incurred in accordance with regulations during the budget period for which the expenditure was claimed, and upon liquidation, were adjusted properly for any discrepancies;

6. Expenditures for personal services, for services performed by public utilities, for travel, and for rental of facilities included in the report of expenditures were actually incurred in accordance with regulations during the budget period for which the expenditures was claimed;

7. The same item is not reported as an expenditure for two or more budget periods, such as an obligation in one period for which the expenditures was claimed;

8. Adequate equipment records and controls are maintained;

9. Pro-rated expenditures, such as salaries, travel, etc., are divided correctly between two or more programs administered by an agency, and that the basis of such division is reasonable, equitable, and substantiated;

10. Federal funds from one program are not used for matching purposes under another federal program, except as specifically authorized, and that the same expenditures are not claimed for matching purposes under more than one federal program;

11. Unexpected federal funds advanced or overpaid are properly accounted for in accordance with instructions from the U. S. Office of Education.

Audit Exceptions

An audit exception is a determination by an appropriate authority that an item questioned by the auditor is not properly chargeable to the program and should be disallowed. The State Superintendent of Education determines the allowance of items which are questioned by the auditor in the South Carolina Department of Education programs.

Audit Reports

All Title IV-C Innovation audits will be forwarded to the Chief Supervisor, Grants Section, on or before January 1 for grant periods that terminate on June 30, and by September 1 for grant periods that terminate on November 30. Each Title IV-C Innovation audit will be submitted as a separate document for each individual project.

Disposal of Records

Records shall be retained by the grantee as follows:

1. General rule. Subject to the provisions of paragraph B of 100a.477 General Provisions for Programs, each grantee shall maintain records which are accessible and intact.

   a. for three years after the close of the fiscal year in which the expenditures are liquidated;

   b. until the grantee is notified that such records are not needed for program administrative review; or

   c. until the grantee is notified of the completion of the federal fiscal audit, whichever is later.

2. Record retention for indirect cost rate proposals will be in accordance with State Department of Education statewide plan for indirect cost.